

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE JOINT APPLICATION OF SIGMA GAS)	
CORPORATION AND SALYERSVILLE GAS COMPANY,)	CASE NO.
INC. FOR APPROVAL OF THE ACQUISITION OF)	93-349
ASSETS OF SALYERSVILLE GAS COMPANY, INC.)	

O R D E R

On December 15, 1993, the Commission approved the transfer of the assets of Salyersville Gas Company, Inc. ("Salyersville Gas") to the Sigma Gas Corporation. In that Order, the Commission also required Sigma to have a compressor installed at the point of delivery of the gas supply provided by Equitable Resources Exploration on or before December 30, 1993.

On December 27, 1993, Sigma notified Commission Staff ("Staff") by telephone that the installation of the compressor had been completed December 24, 1993. Sigma confirmed the compressor's installation by letter dated January 3, 1994. While the transfer of the assets of Salyersville Gas to Sigma was conditional in part upon Staff's verification of the installation, weather conditions precluded the scheduled inspection from taking place at the time of the installation.

However, on January 10, 1994, Staff conducted an on-site inspection of the Sigma compressor setup. Attached as an Appendix is a copy of the inspection memorandum. Sigma has leased a small natural gas driven compressor which was in operation during the inspection and was supplying 20 pounds pressure to the Sigma

distribution system. During the inspection, Staff noted certain deficiencies with the compressor installation which are probable violations of Commission regulations: unsafe wiring; an improper weld; improper venting; and aboveground plastic pipe. While these conditions do not pose a threat to public safety and are unlikely to interfere with the operation of the compressor, these deficiencies should be corrected if this compressor remains installed permanently.

Sigma advised Staff that the use of the existing compressor was only temporary to help assure an adequate supply of gas to Sigma for the remainder of the current heating season. Sigma intends to purchase an electrically driven compressor which will comply with all applicable Commission safety regulations (807 KAR 5:022). The Commission finds that due to the urgency of keeping the Sigma gas system supplied with an adequate supply of gas and given the remote location of the compressor site, Sigma should be allowed to use the existing compressor as installed through the present heating season.


IT IS THEREFORE ORDERED that:


1. Sigma's existing compressor setup meets the requirement in ordering paragraph 1 of the Commission's December 15, 1993 Order.

2. Sigma shall advise the Commission no later than April 30, 1994 as to the status of the deficiencies cited in the inspection memorandum or the replacement of the existing compressor.

Done at Frankfort, Kentucky, this 24th day of January, 1994.

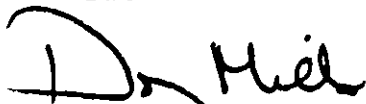
PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:



Executive Director



COMMONWEALTH OF KENTUCKY
PUBLIC SERVICE COMMISSION
710 SCHINKEL LANE
POST OFFICE BOX 615
FRANKFORT, KY 40602
(502) 564-1940

M E M O R A N D U M

TO: Sigma Gas File (formerly Salyersville Gas)

THROUGH: Ralph Dennist *RD*
Scott Smith *SS*
Larry Amburgey *LA*

FROM: David Kinman *DK*

DATE: January 11, 1994

SUBJECT: Inspection of Sigma Compressor

On January 10, 1994, Mark Hostetter, Estill Branham, and I conducted an on-site inspection of the Sigma compressor setup. Commission Order 93-349 dated December 15, 1993 required that Commission Staff witness the installation of this compressor; however, weather conditions precluded the scheduled inspection from taking place.

Sigma has leased a small natural gas driven compressor from Dale Honn, a supplier of compressors to the gas industry.

Several deficiencies were noted at the time of the compressor inspection. They are as follows:

1. Wiring is not intrinsically safe.
2. Weld on steel piping will not pass visual inspection.
3. Fuel regulator is located near the engine and is not vented to a safe location.
4. Supply piping to the compressor is of polyethylene pipe which is not permitted aboveground.

(See attached photos.)

The compressor was in operation during our visit and was supplying 20 psig to the Sigma distribution system. Overpressure, high temperature, and low oil pressure cutoffs were in place and operable.

Mr. Branham stated that this gas driven compressor was a temporary measure to carry the system through the current heating season. Mr. Branham also stated that Sigma would purchase an

Memo - Sigma Gas
Page 2
January 11, 1994

electrical driven unit which would comply with all applicable safety regulations.

In view of the urgency of keeping the Sigma gas system supplied with an adequate supply of gas and the remote location of the compressor site, I recommend that Sigma be allowed to use its current compressor through the present heating season.

DBK/ml1
Attachments (photos)